GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:515
ANSWERED ON:06.02.2017
Exports from SEZs
Patel Shri Dilip

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the exports from SEZs has declined/got affected during the last three years and if so, the details thereof and the reasons therefor along with total exports from SEZs during the said period, State/ UT-wise;
(b) whether imposition of Minimum Alternate Tax (MAT)/Dividend Distribution Tax on SEZs has affected the growth, investments, employment and exports from SEZs and if so, the details thereof along with the reaction of the Government thereto;
(c) whether the goods manufactured in SEZs when sold in the domestic market are levied an import duty which places them at a disadvantage compared with goods imported through free trade agreements and if so, the details thereof along with its impact on SEZs both domestically and in its exports;
(d) whether the Government has any proposal to bring down the tariffs and MAT levied on SEZ units that sell goods in the domestic market and if so, the details and the present status thereof;
(e) whether the Government has given more time to certain developers of SEZs to complete their projects and if so, the details thereof and the reasons therefor; and
(f) the measures taken or being taken by the Government/Export Promotion Council for Export Oriented Units and SEZs to boost exports from SEZs and resolve the issues therein?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (INDEPENDENT CHARGE)
(SMT. NIRMALA SITHARAMAN)

(a): There was a decline of around 7% in exports in 2014-15 when compared to exports during 2013-14. However, there has been a marginal increase of 0.77% in the exports during 2015-16 when compared to exports during 2014-15. Performance in respect of exports from SEZs has been better as compared to overall exports from the country. Exports have been affected adversely due to general decrease in demand from major export markets. The details of total exports from the Special Economic Zones (SEZs) in various States/UTs of the country during the last three years and current financial year, year-wise are at Annexure.

(b): Ministry of Finance has withdrawn the exemption from Minimum Alternate Tax (MAT) to SEZ Developers and Units with effect from 1st April, 2012, and also the exemption of Dividend Distribution Tax (DDT) in the case of SEZ Developers under the Income-tax Act for dividends declared, distributed or paid after 1st June, 2011. Details of investment made, employment generated and exports from SEZs during the last three years and current financial year are shown below:

Financial Year(s) Investment*
(Rs. in crore) Employment*
(Persons) Exports
(Rs. in crore)
2013-14 2,96,663 12,83,309 4,94,077
2014-15 3,38,794 14,42,316 4,63,770
2015-16 3,76,494 15,91,381 4,67,337
2016-2017
(April to September, 2016) 4,06,690 16,88,337 2,35,900

* calculated on cumulative basis.

In order to boost exports from SEZs Government periodically reviews the policy and operational framework of SEZs and takes necessary measures so as to facilitate speedy and effective implementation of SEZs. Further, open house meetings with SEZ stakeholders, road shows have been organised in various places of the country to give wide publicity of SEZs.

(c): The goods manufactured in SEZs when sold in the domestic market are treated as imports and hence levied an import duty. SEZs are primarily meant for exports and are deemed to be a territory outside the customs territory of India. No significant impact of FTAs has been observed on SEZs both domestically and in its exports.

(d): No Madam.

(e): In terms of Rule 6(2)(a) of the Special Economic Zones Rules, 2006, the letter of approval granted to a SEZ developer is valid for a period of three years within which time effective steps are to be taken by the developer to implement the approved proposal. The Board of Approval (BoA) may, on an application by the developer, extend the validity period of the letter of approval. Some SEZs developers have sought extension of validity period of the letter of approval granted to them for the execution of their projects for various reasons including adverse business climate due to global recession, delay in approvals from statutory State Government

bodies, delay in environmental clearance, lack of demand for space in SEZs, unstable fiscal incentive regime for SEZs etc. During the last three years and current financial year (upto January, 2017), BoA has granted more time to 143 developers of SEZ across the country to complete their projects.

(f): The following initiatives have been taken in recent years to boost exports from SEZs and resolve the issues therein:

i. Minimum Land Area requirement for setting up of new SEZs has been reduced to 50% for Multi-product and Sector-specific SEZs.
ii. Sectoral broad-banding has been introduced to encompass similar / related areas under the same Sector.
iii. A new sector "agro-based food processing" sector has been introduced to encourage agro-based industries in SEZs.
iv. Dual use of facilities like Social & Commercial infrastructure by SEZs and non-SEZs entities has been allowed in order to make SEZ operations more viable.
v. Online processing of various activities relating to SEZ Developers and Units has been introduced for improving ease of doing business

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Annexure to the Lok Sabha Unstarred Question No. 515 for 6th February, 2017.

States/UTs-wise details of Exports from SEZs during the last three years and current financial year, year-wise
Exports
(Rs. in Crore)

Sl. No.	States/UTs	2013-14	2014-15	2015-16	2016-17 (as on 30.9.2016)
1	Gujarat	225042	179791.75	135719.65	67191.88
2	Karnataka	51372.88	55197.83	54307.07	23532.64
3	Tamil Nadu	71417	68103.63	79296.62	37970.79
4	Maharashtra	56399.23	62535.90	71618.53	34739.83
5	Kerala	8003.64	6540.2	10386.99	8258.78
6	Andhra Pradesh	33291.07*	7887.61	10843.94	5973.24
7	Telangana	0	37108	46944.76	25129.55
8	Uttar Pradesh	16282.42	16516.77	19756.72	10569.64
9	West Bengal	16204.27	9872.79	11832.13	6831.68
10	Haryana	8740.43	11139.50	15673.53	8110.96
11	Madhya Pradesh	2984.23	4009.46	4970.05	3740.70
12	Rajasthan	2036.59	2091.34	2233.9	1199.60
13	Chandigarh	1778.15	2084.24	2561.54	1335.05
14	Odisha	386.09	596.66	879.11	1149.70
15	Punjab	136.72	290.79	312.58	165.64
16	Chhattisgarh	1.84	3.19	0.11	0
TOTAL		494077	463770	467337	235900

* Including Telangana.

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